

# BOOK REVIEW: Tourism Economics and Policy, Larry Dwyer, Peter Forsyth and Wayne Dwyer

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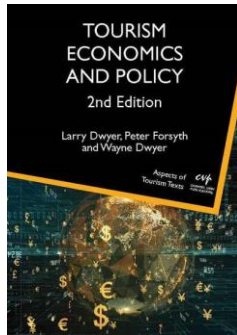
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## BOOK REVIEW



### **Tourism Economics and Policy** **Larry Dwyer, Peter Forsyth and Wayne Dwyer**

(2020), Channel View Publications, Bristol, UK, PA, USA  
ISBN 978-1-84541-732-1

The book “Tourism Economics and Policy”, published by the Channel View Publications in 2020, was written by leading international researchers in the field of tourism and economy. In this second edition, the authors have incorporated new approaches and ideas influencing tourism economics and policy.

The book is written in the English language and comprises 610 pages, excluding the preface, table of contents and references. It is organised into nine sections, each containing individual chapters. Conclusions, self-review questions, essay questions and selected references are listed after each chapter. An index is provided at the end of the book.

The book focuses on understanding the economic concepts associated with tourism. However, even though the focus is on the economic dimension, the authors emphasize the relevance of the social and environmental effects of tourism development and tourist activity.

The first section of the book, Tourism Demand and Supply, includes five chapters: *The Demand for Tourism*, *Tourism Supply*, *The Price Mechanism*, *Tourism and Market Structure* and *Strategic Pricing in Tourism*. In the first two chapters, the authors explain tourism demand and tourism supply, the factors that affect them, types of elasticity, the factors affecting the demand for international tourism, production, costs and supply of tourism products, and the supply chain concept as a tool to move a product or service from a supplier to the customer. The third chapter identifies the main elements of the price mechanism, changes in the demand or supply of a product or service that affect prices, the effect on economic efficiency and welfare maximization. Finally, in the last two chapters, different market structures are analysed as well as tourism firm pricing strategies.

The second section of the book, Tourism Forecasting, comprises one chapter: *Forecasting Tourism Demand*. Forecasting is the process of trying to predict future levels of demand for some tourism product or service. The authors emphasize the importance of tourism forecasting because it aids long-term planning and is central to destination management. Quantitative and qualitative forecasting methods are explained in detail.

Tourism's Economic Contribution and Economic Impacts is the title of the third section, which consists of four chapters: *The Economic Contribution of Tourism*, *Measuring Economic Contribution: Tourism Satellite Accounts*, *The Economic Impacts of Tourism* and *Economic Evaluation of Special Events*. Given the fact that tourism makes an economic contribution to every destination, in the first chapter the authors explain the various economic effects of tourism, such as stimulating local production and output, creating new employment and new investment opportunities, generating foreign exchange earnings and increasing government revenue. The Tourism Satellite Account (TSA), an internationally recognized and standardized method of assessing the scale and impact of tourism spending and its links across different sectors, is described in the next chapter. TSA has become the unifying framework of most of the components of the system of tourism statistics. TSA helps to identify a tourism industry, measure tourism's interrelationship with other industries, provide support for inter-industry and international comparisons, provide a tool for policy analysis, and measure tourism's "carbon footprint". The section ends with the economic impact of tourism i.e. economic impact analysis (EIA) and with the economic impacts of special events. Particular emphasis is placed on CGE (computable general equilibrium) models, which represent the best practice in assessing the economy-wide economic impacts of changes in visitor expenditure.

The fourth section, Tourism Investment and Taxation, consists of three chapters: *Investment by Tourism Firms*, *Investment in Tourism Infrastructure* and *Taxation of Tourism*. Investment provides the funds necessary to construct and upgrade tourism projects important for the development and growth of tourism capacity. Investments can be capital and financial, and both are essential for the development of tourism projects and infrastructure. In the first chapter, focus is on capital investment and foreign direct investment. In the next chapter, the authors address the problems of infrastructure. The operation of tourism facilities and services in a destination depends on the quality and quantity of infrastructure. In recent years, privatization and public-private partnerships have been increasingly encouraged to improve the performance of infrastructure. The last chapter discusses the types of tourism taxes and provides arguments for/against tourism taxation. The authors emphasize the necessity of understanding the economic underpinnings of tourism taxation and its effects so that the model of tourism taxation can be formulated in the appropriate way.

Tourism and Transport is title of the fifth section, which includes one chapter: *Tourism and Transport*. The authors look at modes of transport, which include air, water and surface (road and rail) transport, and discuss the importance of integrated transportation planning to support tourism. Without adequate transport connections, operators and host communities cannot reap the economic benefits of the tourism industry or develop their local economies.

The sixth section of the book, *Tourism and Environment*, comprises two chapters: *Valuing Tourism's Environmental Effects* and *Economic Instruments to Address Tourism's Environmental Effects*. The first chapter explores issues concerning the valuation of the environment. The environment is very important in attracting tourism flows and the conservation of valued environmental features can help to maintain tourism visitation and tourism's contribution to the economy. The authors explain the major sources of market failure that are relevant to environmental impacts and the various measurement techniques available for valuating environments in a tourism context. In the second chapter, the authors deal with economic instruments for environmental protection, such as bargaining, direct controls, tax on output, tax on pollution, subsidies, and tradeable permits. The authors also highlight the problem of climate change, given that tourism contributes to climate change through its generation of carbon emissions. Challenges for tourism policymakers are seen in the need for reducing energy use, improving energy efficiency, increasing the use of renewable energy and developing environmental indicators.


The seventh section, *Tourism, Growth and Sustainability*, consists of two chapters: *Tourism and Economic Growth* and *Sustainable Tourism Development*. In the first chapter, the authors explain economic growth, the aggregate demand/aggregate supply (AD/AS) model and the factors influencing it. Additionally, they discuss whether tourism is primarily a catalyst for growth, increasing the GDP or whether tourism growth is primarily an effect of economic growth. They conclude that tourism has the potential to contribute to economic growth and poverty reduction. In the second chapter the emphasis is on sustainability, and its three dimensions, i.e. economic growth must include social and environmental concerns affecting residents' wellbeing. To ensure sustainable tourism development, the right balance must be established between economic, social and environmental dimensions to guarantee long-term sustainability. The authors conclude the chapter with a proposal of various measures for wellbeing and sustainability.

Destination Competitiveness, the eighth section of the book, includes one chapter of the same title. This chapter addresses issues of destination competitiveness. To achieve competitive advantage for its tourism industry, a destination must ensure that its offerings are superior to those of the many alternative destinations available to potential visitors. Furthermore, the chapter deals with price competitiveness as a core aspect of destination competitiveness, and its measures. The main indexes used to determine destination price competitiveness are Consumer Price Index, Price index of tourist bundles, Package tour prices, Tourism Trade Weighted Index, Purchasing Power Parity and Comprehensive destination price competitiveness index. The authors end the chapter with the Quality of Life concept and its role in destination competitiveness.

The last section of the book, *Future Directions*, puts forward some specific directions that economic analysis and policy research need to take. Some of these directions are already known but interesting for further research, such as tourism demand and forecasting, supply, market structure and pricing, measuring tourism's economic contribution, tourism employment, investment, taxation, transport and sustainable growth. Others are related to the

wider context of tourism studies that tourism economists have so far ignored. These include ecological economics, experimental economics, behavioural economics, institutional economics, socioeconomics and sustainable development.

The value of the book lies primarily in its comprehensive overview of economic concepts and applications in tourism contexts. The book covers topics that are at the centre of attention of many tourism economists in international research and policy areas. In particular, it covers the main issues regarding tourism demand and supply, pricing, measuring tourism's economic contribution using tourism satellite accounts, economic evaluation of special events, investment in tourism infrastructure, tourism taxation, transport, tourism and the environment, destination competitiveness and tourism and sustainable development. In addition to economic issues, the emphasis of the book is also on the environment, sustainability, and quality of life of residents, i.e. on the importance of developing tourism "sustainability". Because of its systematic approach and clear writing style that is easy to follow, this book represents an appropriate and accessible text for students, researchers and practitioners in tourism.

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